

Delegated decision report

DECISION UNDER DELEGATED POWERS

DECISION CANNOT BE TAKEN BEFORE TUESDAY, 28 AUGUST 2012

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| Title | CROSS SOLENT JOINT WORKING ON ECONOMIC DEVELOPMENT AND TRANSPORT |
| Report to | REPORT TO THE DEPUTY LEADER AND CABINET MEMBER FOR THE ECONOMY AND THE ENVIRONMENT AND THE CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND WASTE |

EXECUTIVE SUMMARY

1. This report sets out the case for the Isle of Wight Council working with other local authorities and private sector led organisations in the priority areas of economic development and transport. To this end it is recommended that the Council:
 - (a) Contributes to the cost of the Solent Local Enterprise Partnership (LEP) executive support arrangements.
 - (b) Joins Transport for South Hampshire (TfSH).
 - (c) Signs up to a memorandum of understanding with the Partnership for Urban South Hampshire (PUSH) specifically focused on the areas of inward investment and skills development.
2. Agreement to these recommendations will assist the Council's commitment to working with partners both on and off the Island in delivering improvements in the areas of economic development and transport. This is all the more important at a time when Council's budgets are under increasing pressure. It is also necessary as there is an increasing focus from the government in devolving decisions and funding to a sub-regional level.

BACKGROUND

Solent Local Enterprise Partnership

3. The Solent Local Enterprise Partnership (LEP) has been established to create an environment which will better facilitate growth and private sector investment in the Solent area, thereby allowing existing businesses to grow and become more profitable and greener, whilst enabling new businesses to form and prosper.

4. The Solent LEP's formation was approved by the government, and the organisation is therefore recognised at a national level to lead sub-regional economic development activity. The Isle of Wight Council is a member of the LEP board.
5. The Solent LEP was officially launched at City Cruise Terminal, Southampton in July 2011. The overarching ambition of the LEP was then, and remains now, to create an additional 10,000 new jobs in the Solent area and an additional £1bn GVA growth in the Solent economy by 2026.
6. In order to deliver these ambitions the LEP has identified five priority areas of work. These are:
 - (a) Enterprise
Supporting enterprise, the emergence of new businesses and ensuring the survival and growth of Small to Medium Enterprises (SMEs) in the Solent region.
 - (b) Infrastructure
A strong focus on infrastructure priorities including land assets, transport and housing, reducing flood risk and improving access to high speed broadband.
 - (c) Inward Investment
Establishing a single inward investment model to encourage companies to open new sites in the region and to support them with effective marketing.
 - (d) Skills for Growth
Investing in skills to establish a sustainable pattern of growth, ensuring local residents are equipped to take up the new jobs that are created.
 - (e) Strategic Sectors
Developing strategic sectors and clusters (interconnected groups and businesses) of marine, aero and defence, advanced manufacturing, engineering, transport and logistics businesses.
7. In the first year of its existence the Solent LEP has secured approximately £29m of funding from the government at an extremely challenging time for the economy. This funding will create nearly 2,000 jobs and leverage estimated additional private sector investment of close to £60m in the Solent economy. The Solent LEP is also supporting further projects and funding bids (including from the Isle of Wight) for an additional £16m to create another 2,000 jobs and draw in over £50m worth of private sector investment. All of this activity could lead to the creation of an additional 4,000 jobs within the Solent economy by 2017.
8. Having benefitted from executive support being provided by the Partnership for Urban South Hampshire (PUSH), the Board of the Solent LEP has determined that it now requires a fully funded, dedicated executive support function in order to strengthen its operational private-sector led independence and its capacity to build on the successes achieved thus far. It has been agreed that this will initially be achieved by a combination of local authority funding from the Isle of Wight Council, PUSH – (see further below) and Hampshire County Council (HCC). The Isle of Wight Council's proposed level of contributions, alongside the other public sector contributions, are set out in table 1 below:

TABLE ONE

| Local Authority | 2012/13 | 2013/14 | 2014/15 | Total Three Year Commitment |
|--------------------------------|-----------------|----------------|----------------|------------------------------------|
| Isle of Wight Council | £25,000 | £10,000 | £5,000 | £40,000 |
| Hampshire County Council (HCC) | £50,000 | £25,000 | £10,000 | £85,000 |
| PUSH | £75,000 | £35,000 | £15,000 | £125,000 |
| Total LA Contribution | £150,000 | £70,000 | £30,000 | £250,000 |

9. In addition to this, government funding (eg top-sliced from the Growing Places Fund, LEP start-up funding, etc) will contribute to the cost of the executive support structure. It is anticipated that over time the level of funding from the public sector will reduce as the LEP executive finds means of becoming self-financing, hence the proposed reduction in the level of contributions over the next three years.
10. Economic growth remains a priority both nationally and at local authority level. It is one of the Isle of Wight Council's priorities as set out in its corporate plan. It is also clear, based on recent government announcements, that public funding settlements will be even more challenging in the years to come. The agenda on local growth will therefore be all the more important and will have to be delivered by locally led partnerships, recognising that natural economic areas transcend administrative boundaries, hence the formation of the Solent LEP, and its recognition by government as the key delivery vehicle for sub-regional economic activity.
11. This report therefore recommends that the Isle of Wight Council contributes to funding the LEP executive support function to ensure the on going success of the LEP and the benefits that will accrue from this success to the Island.
12. The Isle of Wight Council remains committed to working with our partners on the mainland, and in doing so demonstrate that the Island is open for business and to ensure that our economic interests and opportunities are well represented.

Transport for South Hampshire (TfSH)

13. Transport for South Hampshire (TfSH) is a partnership between Hampshire County Council and Portsmouth and Southampton City Councils, which aims to improve transport for the area of South Hampshire. Transport for South Hampshire (TfSH) was set up in 2007 to plan transport improvements for the South Hampshire sub-region. TfSH is comprised of officers from Hampshire County Council, Portsmouth City Council and Southampton City Council. Decisions are made by a Joint Committee which meets quarterly and is made up of relevant Council Members, currently led by the Executive Member for the Environment in Hampshire County Council.
14. Isle of Wight Council officers have been working with TfSH and PUSH on an informal basis for a number of years and have contributed positively to the Solent Transport Strategy which, was included as an annex to the Isle of Wight's second Local Transport Plan (LTP2).

15. The Isle of Wight Council has been invited to formally join TfSH. There are a number of benefits to the Council in taking up this offer, both in terms of access to funding that we would not otherwise be able to access and the ability to participate in existing and new initiatives being driven by TfSH which will benefit the Isle of Wight, given that the transport infrastructure of South Hampshire is of critical importance to the flows to and from the Island.
16. It is also important to note that TfSH is in negotiations with the government to become a local transport body to which the government would then devolve future funding and responsibility for developing major transport schemes. It is therefore important that the Isle of Wight Council joins TfSH to be able to access both existing and future funding streams. As local government funding continues to decrease, more and more of the government's funds will be spent through partnership bodies such as TfSH and as such the Isle of Wight Council needs to have a seat at the table; if we do not we will be entirely isolated and have little opportunity in the future of bringing large scale investment in infrastructure / transport initiatives to the Island.
17. TfSH acts as the transport body of the Partnership for Urban South Hampshire (PUSH) and is recognised by the Solent LEP and the government for its role in transport and infrastructure developments in South Hampshire. The Department for Transport has indicated that any future funding will be predicated on the creation of jobs and economic growth, ie infrastructure improvements which support the priorities of economic development and creating new jobs whilst sustaining existing ones will be given priority. This is an important change of focus and demonstrates the need for a strong link between the LEP, TfSH and PUSH; in turn reiterating the need for the Isle of Wight Council to ensure that it is playing a full and active role in these partnerships in order to secure the best possible outcome for the Island.
18. It is anticipated that the role of the LEPs could be further enhanced under government plans to devolve the funding for local major transport schemes. Recent government consultation suggests that future funding for major transport schemes should be devolved to local bodies such as the Solent LEP and it has been suggested that TfSH, as the local transport body, would take on the delivery role for this funding.
19. Current TfSH running costs are met by a financial contribution from each of the member authorities, based on a formula agreed by the joint committee. The costs are currently apportioned as follows:
 - Hampshire County Council – £100,000 pa
 - Southampton City Council – £50,000 pa
 - Portsmouth City Council – £50,000 pa
 - The cost to the Isle of Wight Council is proposed to be £20,000 pa
20. Should the Isle of Wight Council agree to join TfSH, the Cabinet Member for Highways, Transport and Waste will be the Council's representative on the TfSH Joint Committee, supported by the Director of Economy and Environment and the Principal Policy Officer – Highways and Transport.

Partnership for Urban South Hampshire (PUSH)

21. PUSH is a partnership of the unitary authorities of Portsmouth and Southampton, Hampshire County Council and the district authorities of Eastleigh, East Hampshire, Fareham, Gosport, Havant, Test Valley and Winchester. PUSH, in collaboration with local partners and government agencies, is dedicated to sustainable, economic- led growth and improving prosperity and quality of life for everyone who lives, works and spends their leisure time in South Hampshire.

22. The key objectives for PUSH are promoting economic success, providing homes for sustainable communities, enhancing community cohesion and reducing inequalities, investing in infrastructure and sustainable solutions, promoting a better quality of life and tackling climate change.
23. As stated in paragraph 10 above, the financial challenges facing the public sector and local government in particular mean that economic growth and the role of local authorities in driving this will be critical over the coming years. This will only be delivered through partnerships which recognise that natural economic areas transcend local administrative boundaries.
24. The government is directing funding streams to LEPs, which are seen as bodies that should pool funds and use these to the best economic benefit of the LEP area. Within the Solent area, all local authorities need to work with the LEP to ensure that there is a joined up approach to economic development and growth. The LEP will take a strategic role in delivering this agenda with local authorities ensuring that they enable and facilitate this growth.
25. Consideration has been given as to whether the Isle of Wight Council should become a full member of PUSH, and this was previously the stated intention of the authority. However since this was first considered, the sub-regional landscape has altered significantly, with the LEP having assumed the overall leadership role for economic development across the Solent area. This is why, as per the section of this report relating to the Solent LEP, the recommendation is that the Council's limited resources in economic development should be made available – at a sub-regional level – directly to the LEP, rather than to PUSH.
26. PUSH includes within its remit responsibility for infrastructure, housing and planning issues within the South Hampshire area. Due to obvious geographical characteristics of the Solent area, these are policy areas which do not directly impact on the Isle of Wight Council, nor do we have a role to play in determining their relative priority. There, as stated above, would be little benefit to either PUSH or the Isle of Wight Council becoming a full member of PUSH. There are, however, several areas where it is beneficial for the Isle of Wight Council to work in partnership with PUSH, where there is a shared interest. These areas are initially inward investment and employment and skills, with a view to extending this in the future to include the low carbon agenda and work on accessing European funding. Both parties are already working together on both the Solent Inward Investment Board and the Employment and Skills Board.
27. This report therefore recommends that the Isle of Wight Council and PUSH enter into a Memorandum of Understanding covering the areas mentioned above. A copy of the Memorandum of understanding can be found in the Appendix to this report.

STRATEGIC CONTEXT

28. Working with the Solent LEP, PUSH and Transport for South Hampshire all contribute clearly and directly to the Council's corporate priorities of driving economic growth and regeneration. In addition, our work with PUSH in the area of employment and skills will impact positively on the corporate priority of raising educational standards and our wider aspirations around the economy.
29. The recommendations also clearly support the Sustainable Communities Strategy, Eco Island and contributes to all of the Eco Island themes - a Thriving Island; a Healthy and Supportive Island; a Safe and Well-Kept Island; an Inspiring Island.

CONSULTATION

30. The Council has already set out its commitment to its participation in the LEP and TfSH. The sums involved in contributing to these partnerships are de minimis and will be funded from existing budgets. The agreement with PUSH is in the form of a Memorandum of Understanding with no financial implications for the Council, other than the officer time involved in supporting such cross-Solent working. As such there has been no external consultation on this report as none is necessary.

FINANCIAL / BUDGET IMPLICATIONS

31. As set out in Table 1 above, the Isle of Wight Council's contribution to the Solent LEP will be £40,000 over the financial years 2012/13, 2013/14 and 2014/15, unless the LEP no longer requires this level of funding or in the event that the Isle of Wight Council ceases to be a member of the Solent LEP. The £40,000 contribution over the three financial years will be funded from existing economic development budgets within the Economy and Environment Directorate.
32. The Council's contribution to TfSH will be £20,000 per annum. This will be funded from the Highways and Transport budget within the Economy and Environment Directorate.
33. There are no financial implications to the Isle of Wight Council of signing the memorandum of understanding with PUSH.

CARBON EMISSIONS

34. Whilst there are no immediate implications for the Council's Carbon Management Plan, as we work with other local authorities there will be opportunities to share expertise, best practice and potentially resource in the area of sustainability. In the medium to long term this will have a beneficial impact on our carbon reduction targets. It is also worth noting that the LEP and PUSH both have aspirations to create a Low Carbon Economy in the Solent Area, and therefore the Council's participation in these forums provides the opportunity to progress the Island's involvement in this ambition to reduce carbon emissions.

LEGAL IMPLICATIONS

35. The General Power of Competence for local authorities, contained in section 1 of the Localism Act 2011 enables a local authority to do anything that an individual can do, subject to certain restrictions contained in section 2, and replaces the Wellbeing Power contained in the Local Government Act 2000. There are no restrictions that would prevent the council relying on this power to contribute as is proposed to economic development and transportation.
36. In contributing to funding the Solent Local Enterprise Partnership executive support arrangements, the Council is not entering into a contractual arrangement, and if necessary, the Council can review its commitment annually.
37. In formally signing up to and contributing financially to Transport for South Hampshire the Council is not entering into a contractual arrangement, and in the event that the Council joins Transport for South Hampshire, its membership of the group as well as funding level can be reviewed annually if necessary.

38. The Memorandum of Understanding with the Partnership for Urban South Hampshire, whilst representing the intentions of the parties, is not binding on either party and the arrangement will be reviewed in the first year, 6 monthly, and thereafter annually.

EQUALITY AND DIVERSITY

39. The Council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies / strategies and decisions with regards to diversity legislation and the nine “protected characteristics” (e.g. age, gender, race, religion). None of the identified groups are likely to be adversely discriminated against by the recommendations in this report.

PROPERTY IMPLICATIONS

40. There are no property implications of this report.

OPTIONS

41. The options available to members are:
- (a) To commit £40,000 over three years as the Isle of Wight Council’s contribution to the Solent Local Enterprise Partnership.
 - (b) Not to agree to the Isle of Wight Council contribution of £40,000 to the Solent Local Enterprise Partnership executive support function.
 - (c) To join Transport for South Hampshire and contribute £20,000 per annum, to be reviewed annually, to the running of TfSH.
 - (d) Not to join Transport for South Hampshire.
 - (e) To enter into the Memorandum of Understanding with the Partnership for Urban South Hampshire.
 - (f) Not to enter into the Memorandum of Understanding with Partnership for Urban South Hampshire.

RISK MANAGEMENT

42. Options (a), (c) and (e) are recommended. All three options contribute directly and significantly to the Council’s priorities of regeneration and the economy. As set out above all three of the recommended options are interlinked and whilst the decision could be taken to agree options in isolation of each other, this is not recommended.
43. Should the Council decide not to contribute to funding the Solent LEP executive function, this would potentially reduce the ability of the LEP to function efficiently and effectively. It will also reduce the ability of the LEP to continue to draw down government funding and will undermine the role of the Isle of Wight Council as a member of the LEP and as a result having an appointed director of the company, with a seat at the Board. The LEP has already drawn down significant government funding which will create jobs in the Solent region. The Isle of Wight and its economy will stand to benefit from the LEP having a dedicated executive support function focused on delivering the priorities of the LEP board, of which we are a member.

44. Should the Council decide not to join TfSH we are likely to miss out on the potential of funding opportunities for future significant infrastructure and transport projects. As a body, TfSH is recognised at government level as being innovative and forward thinking in its approach and the Department for Transport has signalled that is very much in favour of the Isle of Wight Council joining TfSH. There are a number initiatives being considered by TfSH which would benefit from Cross-Solent implementation, including smart ticketing. If we are not a member of TfSH we will not benefit from the sharing of skills and expertise as well as limiting the potential for access to government funding streams in the future.
45. The Isle of Wight Council is already working closely with PUSH in a number of areas. The Memorandum of Understanding will formalise these arrangements as well as set out what each party can expect from the other. Failure to sign up to the Memorandum of Understanding is likely to result in confusion as to the respective roles and responsibilities and the potential for duplication of effort at a time when we must use our resources as efficiently and effectively as possible.

EVALUATION

46. Options (a), (c) and (e) are recommended. Agreeing to these options will place the Isle of Wight Council in a strong position to take forward the Council's priorities of regeneration and the economy.
47. By agreeing to option (a) and thereby contributing to the cost of the Solent LEP executive support arrangements the Isle of Wight Council will be contributing to the on-going success of the LEP which will attract further government funding to the Solent region and thereby create employment in the private sector. As set out in paragraph 7 of this report, in the first year of its existence the Solent LEP has secured approximately £29m of funding from the government which will help to create approximately 2,000 jobs and leverage estimated additional private sector investment of close to £60m in the Solent economy. The Solent LEP is also supporting further projects and funding bids (including from the Isle of Wight) for an additional £16m to create another 2,000 jobs and draw in over £50m worth of private sector investment. All of this activity has created the opportunity for the creation of an additional 4000 jobs within the Solent economy by 2017. It is crucial that the Isle of Wight Council continues to both support the Solent LEP and plays an active leadership role at board level to ensure that the Isle of Wight is not only represented, but also maximises the benefits to the Island from the LEP's existence.
48. By agreeing to option (c), the Isle of Wight Council will be in a position to contribute to and benefit from the sharing of skills and expertise with other authorities who form TfSH. Importantly, future government funding for large infrastructure projects is likely to be distributed via LEPs to transport bodies, the make-up of which should reflect LEP area boundaries. TfSH will be the transport body for the Solent region and if the Isle of Wight Council is not formally part of TfSH we are unlikely to be recognised by government or the Solent LEP for future infrastructure or transport funding. It is therefore recommended that the Isle of Wight Council joins and actively contributes to the TfSH goals and objectives which align closely with the Island's strategic transport objectives.
49. By agreeing to option (e) and entering in to a Memorandum of Understanding the Isle of Wight Council and PUSH will both be recognising that they have specific and different roles which do not lend themselves to the Isle of Wight Council joining PUSH, however at the same time there are several areas (inward investment, employment and skills, the low carbon agenda and work on accessing European funding) where joint working as recognised through a Memorandum of Understanding will not only allow the sharing of resource and expertise thereby creating economies of scale, it will also create a single point of contact for the private

sector who do not easily identify the same administrative boundaries as the public sector. This will improve the efficiency and effectiveness of the Solent Region in dealing with potential investors and in driving forward the employment, skills agendas in particular.

50. There are clear links between the roles of the Solent LEP, TfSH and PUSH. There are also clear benefits to the Isle of Wight Council and the Island as a whole of the local authority playing a full and active role in these partnerships, hence the recommendations contained in this report.

RECOMMENDATION

51. It is recommended that the Cabinet Members agree to the following options:
- (a) To commit £40,000 over three years as the Isle of Wight Council's contribution to the Solent Local Enterprise Partnership executive support function.
 - (b) To join Transport for South Hampshire and contribute £20,000 per annum, to be reviewed annually, to the running of TfSH.
 - (e) To enter into the Memorandum of Understanding with the Partnership for Urban South Hampshire.

APPENDICES ATTACHED

1. [APPENDIX](#) – Memorandum of Understanding between PUSH and the Isle of Wight Council.

BACKGROUND PAPERS

2. Cabinet Member Delegated Decision – Solent Local Enterprise Partnership September 2011 (http://www.iwight.com/council/what_is_a_council/images/DELEGATED-SOLENTLEP.pdf)

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Decision

Signed

Date
